

DEPARTMENT OF FOOD AND AGRICULTURE**A.G. Kawamura, Secretary**

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December 30, 2003

RE: ANNOUNCEMENT OF MINIMUM PRICES FOR CLASSES 4a and 4b MARKET MILK

TO ALL INTERESTED PARTIES:

On the reverse side of this page are the minimum prices for Classes 4a and 4b market milk for December 2003. All prices are f.o.b. milk processing plant. As provided in the Stabilization and Marketing Plans for Market Milk (Plans), milk handlers shall pay producers the minimum prices for market milk components sold or used for Classes 4a and 4b purposes as specified on the reverse side of this page.

If market milk components are purchased f.o.b. producer's dairy location, haul deductions may be made as provided in the Plans.

Equivalent hundredweight prices shown in the right-hand column are based upon milk that is 3.5% fat and 8.7% solids-not-fat (SNF). These classified minimum prices that processors must pay for milk received from producers are calculated based upon mathematical formulas. The formulas are established and amended as needed through a public hearing process. These formulas include commercial prices for manufactured dairy products (butter, Cheddar cheese and nonfat dry milk). These commercial prices are also listed on the reverse side of this page.

This price information is also available on a recorded message. Please call (800) 503-3490 to hear the recording. If you are calling from Sacramento, or from outside of California, please call (916) 442-MILK. You can also access this information over the Internet on the Department's website. The address is <http://www.cdfa.ca.gov/dairy>. From the Homepage, select [Dairy Prices] from the main menu, then select [Minimum Class Price Letters]. Once there, be sure to make a bookmark for future reference.

For more information, please contact us at the numbers above or e-mail us at dairy@cdfa.ca.gov.

Sincerely,

David K. Ikari, Chief
Dairy Marketing Branch

MINIMUM PRICES FOR CLASSES 4a & 4b MARKET MILK F.O.B. PROCESSING PLANT

Released: December 30, 2003

CLASS 4a:			EQUIVALENT
December, 2003	LB. FAT	LB. SNF	PER CWT.
Statewide	\$1.3565	\$0.6555	\$10.45

CLASS 4b:			EQUIVALENT
December, 2003	LB. FAT	LB. SNF	PER CWT.
Statewide	\$1.3565	\$0.7882	\$11.61

COMMODITY MARKET PRICES:	\$ PER LB.
Chicago Mercantile Exchange Grade AA Butter - Daily Simple Average (Nov. 26th - Dec. 25th)	\$1.2956
Chicago Mercantile Exchange Block Cheddar Cheese - Daily Simple Average (Nov. 26th - Dec. 25th)	\$1.3453
California Extra Grade & Grade A Nonfat Dry Milk - Monthly Weighted Average (Nov. 26th - Dec. 25th)	\$0.8055
Western Dry Whey (Mostly) - Monthly Simple Average (Nov. 26th - Dec. 25th)	\$0.1848

FEDERAL SUPPORT PURCHASE PRICES:	\$ PER LB.
Bulk Butter:	\$1.0500
40 Pound Block Cheddar Cheese:	\$1.1314
Nonfat Dry Milk:	\$0.8000

VALUE OF COMMODITY PRICES USED IN FORMULAS:	\$ PER LB.
Bulk Butter:	\$1.2956
40 Pound Block Cheddar Cheese:	\$1.3453
Nonfat Dry Milk:	\$0.8055

Note: The formulas, as of April 1, 2003, compare the calculated prices from the Chicago Mercantile Exchange (for butter and Cheddar cheese) or California weighted average price (for nonfat powder) to the federal support purchase prices for the three products. The higher value is selected for use in the pricing formulas.

February 2004 Class 1 price will be announced no later than 4:00 p.m. on January 9, 2004.
January 2004 Class 4a and 4b prices and February & March Class 2 and 3 prices will be announced no later than 4:00 p.m. on February 2, 2004.